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C O N F I D E N T I A L SECTION 01 OF 03 MADRID 000499

SIPDIS

EUR/WE FOR ELAINE SAMSON AND STACIE ZERDECKI

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SUBJECT: SPAIN: HISTORIC TRANSFER OF POWER IN BASQUE REGION

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Classified By: Acting Deputy Chief of Mission William H. Duncan for reasons 1.4 (b) and (d)

[1](#)1. (C) SUMMARY AND COMMENT. On May 5 Socialist Patxi Lopez was sworn in as the first-ever, lehendakari, or regional governor of the Basque Region, who is not a Basque nationalist, an historic milestone for the troubled region. His inauguration followed the March 1 regional election (See REF A), in which the Socialists won enough votes in the Basque Country to form a minority government supported by the conservative Partido Popular. Outgoing lehendakari (1999-2009) Juan Jose Ibarretxe, whose Basque Nationalist Party (PNV) had ruled the region for the past 29 years and has struggled to accept being ousted from power, bitterly announced his retirement from politics on the day of Lopez's inauguration. Lopez's inauguration - which the Basque terrorist group ETA had plotted to attack shortly before its latest military chief was arrested - presents a poisoned chalice to Spanish President Zapatero in national politics. The PNV has withdrawn its support in the Spanish Parliament, where it had been a frequent ally to Zapatero's minority government, which is viewed as increasingly weak and lacking in parliamentary allies just as the global economic crisis is reaching new depths and unemployment in Spain has topped 17 percent. The next electoral test for the Zapatero government will be the June 7 elections for the European Parliament, which several polls suggest will be marked by low turnout in Spain and declining enthusiasm for the Socialists. END SUMMARY AND COMMENT.

[1](#)2. (U) In regional elections held March 1, the incumbent PNV won the most seats and the most votes but failed to secure the backing of one or more parties to give it a working majority. The vote represented the first serious challenge to the Basque nationalists' hold on power since the first post-Franco regional elections were held in 1980. The PNV also had held the lehendakari post since it was created in 1936, although the lehendakaris spent roughly 40 years in exile during the Franco regime. Ibarretxe and the PNV had until now relied on the support of radical separatist parties to form a parliamentary majority. In this year's election, however, the radical parties banned by the Spanish Supreme Court for their ties to the Basque terrorist group ETA were barred from running. An estimated 9.2% of votes cast were blank ballots in protest. The Basque Socialists (PSE) won enough seats to form a working majority with the conservative Partido Popular (PP).

[1](#)3. (SBU) Basque final election results confirmed non-nationalist voters (50.45%) outnumbered nationalist

voters (48.29%) for the first time, meaning a majority in the regional parliament will have the votes to counteract any nationalist or separatist measures. The conservative PP, though it lost two seats, did better than had been predicted.

Lower voter participation relative to 2005, combined with the banning of any ETA-linked parties, hurt the PNV.

14. (U) 2009 Basque Election Results, 65.88% Participation, 75 Seats Total

PNV	38.56 percent	30 seats
PSE	30.71	25 seats
PP	14.09	13 seats
Aralar	6.05	4 seats
EA	3.68	1 seat
EB-IU	3.51	1 seat
UPyD	2.14	1 seat

15. (SBU) On March 5, the PSE rejected the PNV's proposal of a "stability agreement" offering either a coalition government or a legislative agreement that would have allowed Ibarretxe to remain his office. After more than three weeks of intense negotiations, the PSE and PP established a formal compromise to elect Lopez as lehendakari. The PP has promised not to censure Lopez as long as the PSE follows their negotiated agreement, entitled "Basis for Democratic Change in Service of Basque Society." The primary points include: the fight against ETA; measures to revive the economy, including new job creation; stabilizing the system of Basque self-governance; bilingual rights and continued implementation of the two official languages (Euskera and Castilian); and the prohibition of terrorist propaganda on the public radio-television network. Side agreements with other parties are not discarded as long as they do not alter the PSE-PP accord.

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16. (C) There is an atmosphere of optimism and goodwill within Spain and the Basque Region that change is imminent that will help make the Basque Region "normal." El Pais, Spain's left-of-center flagship daily, on May 19 published an editorial suggesting that the new lehendakari's challenge is to implement the reforms he campaigned on, while not antagonizing the moderate Basque nationalists within the PNV and elsewhere, and maintaining the support of the PP. However, Prof. Ignacio Sanchez-Cuenca, an ETA and electoral politics expert at the Juan March Institute, privately told POLOFF on May 20 this task is nearly "impossible," and he opted not to speculate how long the PSE government would last. He highlights that the PSE's minority government holds fewer seats than the primary opposition party, the PNV, and also suggested that if the PSE's accord with the PP falls apart, the PSE's next likely ally would be with the moderates among the PNV, so the PP has an interest in not pushing the PSE too hard. Meanwhile, Basque journalist and long-time ETA observer Oscar Beltran predicted to POLOFF the PSE minority government would last at least two years.

//Key Players in Basque Politics Following the March 1 Election//

17. (C) Francisco "Patxi" Javier Lopez Alvarez was born in 1959 in the Basque town of Portugalete. In 1975 he joined the Young Basque Socialists movement (serving as its Secretary General during 1985-88) and joined the PSE in 1977.

He was a member of the national parliament during 1987-89 and has been a member of the regional parliament since 1991. He has been Secretary General of the PSE since 2002 and led the PSE in the 2005 election, in which he helped the PSE earn the most votes while Ibarretxe and the PNV secured the most seats. Lopez is married without children. Beltran on May 19 told POLOFF that he believes Lopez will be very pragmatic and will not attempt any "acts of vengeance" for the past.

18. (C) Rodolfo Ares, the Secretary of the PSE for Organization and the right-hand man of Lopez, has assumed the

key post of regional Minister of Interior, which is charged with defeating ETA. Born in 1954, he has spent his career in Basque politics. Ares, together with Lopez and Ibarretxe, in early 2009 was a defendant in a short-lived trial for holding talks with the outlawed political wing of ETA during the terrorist group's 2006 ceasefire. The case was shelved. (See REF A). Beltran has suggested to POLOFF that Ares is the behind-the-scenes brains who provides the strategic vision to Lopez and the rest of the PSE.

¶9. (SBU) The Basque PP's ability to reach an accord with the PSE despite several key differences in their policy platforms has strengthened the leadership of 39-year-old Antonio Basagoiti, leader of the PP's Basque wing since mid-2008. The PP's national leader, Mariano Rajoy, had supported Basagoiti's promotion. A longtime veteran of Bilbao city hall, Basagoiti holds a law degree.

¶10. (SBU) As part of its price for supporting the PSE, the PP negotiated that one of its members would preside over the Basque Parliament, the second most powerful position in Basque politics. On April 3, 35-year-old Arantza Quiroga, the number-three official in the Basque wing of the PP, became the first woman to hold the post. It is the most senior post that a PP official has ever held in the Basque regional government. Quiroga publicly self-identifies with the conservative wing of the PP. Regional PP officials publicly tout Quiroga, who holds a law degree, as a rising star.

¶11. (C) In the short term, Ibarretxe's retirement leaves the PNV under the guidance of Inigo Urkullu, who has been party leader since December 2007. Urkullu is known to be more of a moderate Basque nationalist, far less strident than Ibarretxe, who polarized Basque society with his unyielding quest for Basque "free association" with Spain. However, the PNV remains divided and it remains to be seen whether the moderates or the radicals achieve the upper hand. Sanchez-Cuenca told POLOFF that Urkullu's primary rival for control of the PNV will be Josepa Iger, the ideologue of the party's radical wing.

//Weakened and Divided, ETA Lingers as Threat, Despite Even More Key Arrests//

¶12. (C) Meanwhile, ETA has announced that it will not recognize the authority of the new PSE-led government and on April 12 publicly identified incoming senior officials of the government as priority targets. ETA publicly declared that

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Lopez would be the "primary objective" of their upcoming activities as they "continued striking out against enemies of the Basque Country and its interests." These plans were derailed on April 18 when the terrorist group, already dramatically weakened, suffered yet another blow by Spanish and French security services, who arrested ETA's latest top military leader, Jurdan Martitegi, amidst a plot to explode a van-bomb at Lopez's investiture ceremony. Martitegi, who held the top military post since December 2008, was the third consecutive military leader detained in six months while a separate joint Spanish-French operation also nabbed Ekaitz Sirvent Auzmendi, allegedly ETA's top forger, in Paris on April 10. Rogelio Alonso, a professor at the King Juan Carlos University in Madrid who also works at the Real Instituto Elcano's Global Terrorist Program, cautioned to POLOFF on May 19 not to make too much of this, however, noting that ETA has an impressive "ability to regenerate." Spanish press reports (See REF B) already identify Iurgi Mendinueta, age 27, as ETA's most likely new military chief. Two women -- Izaskun Lesaka, 32, and Iratxe Sorzabal, 37 -- allegedly form part of his inner circle. All three reportedly are known to Spanish and French security services. Sanchez-Cuenca told POLOFF that there is increasing media interest in Josu Ternera, a veteran ETA member in the political wing, who is likely "the real power" in ETA -

which remains divided. Sanchez-Cuenca suggested that Ternera, who favors ETA's disarmament and negotiations with the GOS, is more important than the last few military leaders have been.

¶13. (C) Sanchez-Cuenca also shared with POLOFF an advance copy of his lengthy, soon-to-published analysis of the March 1 Basque election and its significance. In it, he describes ETA as "an extremely resilient group... with tentacles in civil society - unions, student associations, environmentalist groups, mass media, culture, etc. - and a broad political organization that provides legitimacy and public support for violence." His article concludes with the assessment that "the political movement around ETA is far from disappearing."

//Impact of Change in Basque Government on National Politics//

¶14. (C) For the Socialists, the ability to govern the Basque Country is a poisoned chalice. By supporting Lopez's efforts to become lehendakari, Zapatero helped bring historic change, but at the expense of PNV support in the national parliament -- just as there are increasing calls on the GOS to fix the worsening economic crisis. Seven seats shy of a working majority, Zapatero's PSOE has just lost the support of the PNV's six seats, making the Socialists increasingly isolated in Parliament. Although there is a precedent in Spanish regional politics for the party that wins the plurality of seats and votes not to be part of the resulting government, the PNV feels burned by the PSE and is in no mood to support at the national level the Socialists that just unseated it at the regional level. PNV officials frequently have described the PSE-PP alliance to POLOFF as "unnatural" and "illogical." The PNV has already shown its displeasure by voting against Zapatero and siding with the PP on congressional votes regarding judicial review and infrastructure issues.

¶15. (C) Josu Erkoreka, the PNV's parliamentary caucus leader, revoked the party's support for the PSOE and on March 11 accused the PSOE and the Spanish judicial system of being in cahoots to manipulate the outcome of the March 1 elections in Basque Country, to the PNV's detriment. On March 11, Erkoreka privately told Embassy officials that he sees the PSOE in a quickening tailspin in which it will be unable to pass any legislation at the national level and professed not to understand why Zapatero was sacrificing the Socialists' prospects at the national level for power at the regional level in the Basque Country.

¶16. (SBU) Meanwhile, the moderate Catalan nationals, Convergence and Union (CiU, which has 10 seats in the national parliament) also lost power at the regional level to the Socialists in the 2003 and 2006 elections, despite having won more seats. The CiU publicly has stated that the PSOE cannot automatically count on its support. Among other parties in the national parliament, the Republican Left of Catalonia has three seats while a handful of other parties hold one or two seats.

DUNCAN